

Montana Resource
Development Board
Montana water
development and
renewable resource
development loan
programs

GUIDELINES AND LOAN F FOR GOVERNMENTAL ENTITIES

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Montana water development and renewable



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STAN STEPHENS
GOVERNOR

State of Montana
Office of the Governor
Helena, Montana 59620
406-444-3111

Dear Montanans,

Over the last two to three years there has been a renewed understanding of the dividends which result from investing in the improvement of Montana's public infrastructure. The future of our economy and the opportunities it provides Montanans depend on our ability to protect the public health and make wise use of our state's natural resources. It's our public and private facilities which help us get that job done and they need to be in good condition to do so.

Modernizing and maintaining these facilities requires working together, a partnership. The Montana Water Development and Renewable Resource Development Programs are two of the state's partnership efforts. They put your coal tax dollars to work improving Montana's ability to conserve, develop and benefit from the water and the renewable resources around us.

These are wise investments. We support them and we support your work to create a more secure future for Montanans. Good luck in your projects.

Sincerely,

A handwritten signature in black ink, appearing to read "Stan", written over a horizontal line.

STAN STEPHENS
Governor

MONTANA WATER DEVELOPMENT AND RENEWABLE RESOURCE DEVELOPMENT LOAN PROGRAMS

Guidelines and Loan Application Forms

[Revised Fall 1991]

Department of Natural Resources
and Conservation
Resource Development Bureau
1520 East Sixth Avenue
Helena, MT 59620-2301
Telephone: 444-6668//Telefax: 444-6721

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Introduction

This booklet explains how state and local governmental entities may apply for loans under Montana's Water Development and Renewable Resource Development programs. Along with providing details concerning applicant eligibility and the eligibility of specific projects and activities, the booklet provides general information about how applications are processed and how funded loans are managed. This booklet also includes the application forms you will need to apply for loans.

IF YOU WANT BOTH A GRANT AND A LOAN, YOU ALSO MUST COMPLETE A GRANT APPLICATION FORM; GRANTS ARE PROVIDED IN LIEU OF LOAN SUBSIDIES. YOU MAY NOT REQUEST MORE THAN \$200,000 IN TOTAL FUNDING IF YOU REQUEST BOTH A GRANT AND A LOAN. To obtain a grant form, call 444-6668 or write to the address below. Ask for a Water Development and Renewable Resource Development grant application.

Submit completed application forms, along with supporting documentation and a \$150 application fee, to:

Department of Natural Resources
and Conservation
Resource Development Bureau
1520 E. Sixth Ave.
Helena, MT 59620-2301

Loan applications must be hand-delivered or postmarked to DNRC no later than May 15 of each even-numbered year. If you have questions or if we can help you in any way, please contact our office.

GENERAL PROGRAM INFORMATION

The Conservation and Resource Development Division, Resource Development Bureau, of the Department of Natural Resources and Conservation (DNRC), administers several grant and loan programs. This booklet provides guidelines for loans under two programs:

- (1) Water Development Program
- (2) Renewable Resource Development Program

IF ELIGIBLE, YOU
WILL RECEIVE
FUNDING UNDER
ONLY ONE OF TWO
PROGRAMS.

With this application booklet, you may apply for consideration under both programs. If eligible, however, you will receive funding under only one of the two programs. While similar in nature, the programs differ in regard to purpose and applicant eligibility requirements. These requirements are described elsewhere in this booklet.

Loan Limitations

Loans are available in three categories: (1) Small Water Development loans (Small Loans), (2) Renewable Resource Development loans (RRD Loans), and (3) Large Water Development loans (Large Loans).

(1) Small Loans. Loans for water development projects or activities of up to \$200,000 are Small Loans. These loans are funded from the proceeds derived from the sale of state bonds. These loans may be used to supplement water development grant funds. DNRC uses the proceeds to purchase bonds from eligible applicants. Interest rates are set at the rate at which the state bonds are sold. Repayment periods may be for up to 30 years but are limited to the life of the project or activity.

W A T E R
DEVELOPMENT
LOANS FOR UP TO
\$200,000 ARE
SMALL LOANS
THAT MAY BE
USED TO
SUPPLEMENT
W A T E R
DEVELOPMENT
GRANTS

RENEWABLE RESOURCE DEVELOPMENT (RRD) LOANS FOR UP TO \$200,000 MAY BE USED TO SUPPLEMENT RENEWABLE RESOURCE DEVELOPMENT GRANTS.

WATER DEVELOPMENT LOANS OF GREATER THAN \$200,000 ARE LARGE LOANS.

APPLICATIONS ARE ACCEPTED UNTIL MAY 15.

APPLICANTS PREPARE SUMMARIES TO PROMOTE THE MERITS OF THEIR PROPOSALS TO THE LEGISLATURE.

(2) RRD Loans. Loans for renewable resource development projects of up to \$200,000 are RRD Loans that also are funded from the proceeds of state general obligation bonds. These loans may be used to supplement Renewable Resource Development grant funds. Interest rates are set at the rate at which the state bonds are sold. Repayment periods may be for up to 30 years but are limited to the life of the project.

(3) Large Loans. Loans greater than \$200,000 are Large Loans and also are available for water development projects or activities. These loans are funded with proceeds from the sale of state Coal Severance Tax bonds. Interest rates for these loans may be reduced below that of the state bond if financial feasibility and need is demonstrated. The repayment period typically is 20 years and may not exceed 40 years.

Project/Activity Selection

During February of even-numbered years, the loan application period begins. Applications are accepted until May 15 of that year, and DNRC staff review and rank the applications during the following summer and fall.

DNRC first reviews the applications for completeness. If application forms and required documentation are incomplete, DNRC notifies the applicants and sets a specific time for them to complete the requirements. DNRC then evaluates the applications for them to determine technical and financial feasibility. During this process, the applicants may be required to submit additional documentation. DNRC also will consult with other state and federal agencies to complete its evaluation.

Loan funding is provided through legislative appropriation and authorization. Funding decisions will be made during regular legislative sessions.

The Montana Legislature reviews DNRC's legislative report, which includes project and activity summaries prepared by the applicants, along with DNRC's technical, financial, and environmental review and recommendations. If you want your legislator to support your application, you should contact him or her. You also may wish to testify on behalf of your proposal during legislative hearings.

Funding Schedule

State bond sales to finance these loans generally are phased with the construction season so that money will be available in time to meet project and activity schedules. If your application is approved, you will be notified of the proposed state bond sale and anticipated interest rate prior to each sale. If you choose to be included in the sale, you will be asked to provide cost figures adjusted for inflation, and to agree to accept the loan within one year of the bond sale. Once state bond proceeds are available, local bonds can be purchased on a schedule compatible with project and activity construction. You may request DNRC approval of interim financing from another funding source if your construction schedule precedes loan availability.

If you receive approval for both a loan and a grant, or if you need additional financing for your project/activity, you should discuss a financing schedule with DNRC as soon as possible after legislative approval. If you need funds in addition to DNRC funding, funding commitments must be made before DNRC includes the project/activity in a state bond sale.

Loan funds usually are disbursed in one lump sum and are accounted for by using procedures detailed in a bond purchase agreement made between the applicant and DNRC. These procedures are compatible with local government accounting requirements monitored by the Local Government Services Division of the Department of Commerce. Repayments on the loan generally are made in semi-annual installments.

Your Responsibilities

If the legislature approves your application, you are expected to enter either into a bond purchase agreement or a combination grant and bond purchase agreements. The agreement is negotiated when construction contracts are signed and when all funding is secure and available. Make sure to talk to DNRC staff before you begin any work with interim financing or other funds you need to carry your project/activity through until DNRC loan or grant funds become available.

You will be given a model bond purchase agreement along with Professional Service and Construction Guidelines and a list of legal requirements for issuing local bonds. You must meet these document requirements as stipulated by state law so that DNRC can buy your local bond when state funds become available.

Quarterly narrative progress reports and financial reports are required from you, and a final report must be prepared when the project/activity is completed. You also must submit annual financial reports during the life of the project/activity loan.

THE WATER DEVELOPMENT PROGRAM

Background

The Montana Legislature established the Water Development Program in 1981 to promote and advance the beneficial use of water, and to allow Montana's citizens full use of the state's water by providing grant and loan funding for water development projects and activities. Under this program, governmental entities and private persons both are eligible to apply for funding. The application forms in this booklet are for governmental entities only. Private persons should request application forms and guidelines for grants to private persons. In either case, projects and activities must be water-related and may include feasibility studies, public education efforts, design, and construction. DNRC is authorized to issue up to \$10 million in state general obligation bonds, and up to \$250 million in Coal Severance Tax bonds to finance water development projects and activities.

During 1991, the legislature designated a fund to be used especially for water storage projects. Projects that further water storage priorities established by the State Water Plan may be funded with this fund. Other water storage projects may compete for funds as water development projects.

Purpose

The purpose of the Water Development Program is promotion of the state's policies on conservation, development, and beneficial use of water. These policies are described in Title 85, Chapter 1, MCA (Montana Code Annotated), and in the Montana State Water Plan.

Project/Activity Eligibility

Water development projects or activities and water storage projects are eligible to receive funding under the Water Development Program. Applications must document how funds spent enhance the common well-being of Montanans through the measurable conservation and management, better use, development, or protection of a targeted resource that is water-related.

WATER DEVELOPMENT PROJECTS

Eligible water development projects include "works" for the purpose of irrigation, flood prevention, or drainage; protection or benefit of fish and wildlife; improvement of public, water-based recreation opportunities; development of hydropower; watering of stock; supplying water for public, domestic, industrial, or other uses; and fire protection. All means of conserving and distributing water, such as reservoirs, dams, diversion canals, waste canals, drainage canals, dikes, lateral ditches and pumping units, mains, pipelines, and waterworks systems for the conservation, storage, distribution, and utilization of water are considered "works" and qualify for funding.

W A T E R DEVELOPMENT ACTIVITIES

Eligible water development activities include efforts that involve actions or programs to protect and enhance water-based recreation or water for the benefit of agriculture, flood control, or other uses. Eligible activities include, but are not limited to, the promotion of efficient water use in agriculture; water quality improvement in agriculture and other nonpoint source uses; protection and enhancement of water-based recreation; control of streambank erosion; and control of river and stream sedimentation. Water development activities provide greater local and state control of Montana's water and may or may not provide marketable benefits.

WATER STORAGE PROJECTS

Eligible water storage projects include efforts that involve water development projects when these projects enhance water storage capacity or rehabilitate existing facilities that are aging and in need of repair, thus resulting in better management of the state's water and more extensive benefits from the water that moves through Montana.

Applicant Eligibility

GOVERNMENTAL ENTITIES

During its review of applications for water development program funding, DNRC may recommend that loans be made to a department, agency, board, commission, or other division of state government, or to a city, county, or other political subdivision or local government body of the state. These entities, called governmental entities, in the past have included:

Cities	Sewer districts
Conservation districts	State agencies
Counties	Towns
Irrigation districts	Universities
Joint board of control	Water districts
School districts	

PRIVATE PERSONS

Any individual, association, partnership, corporation, or other nongovernmental entity also may be considered loan for funding for water development projects or activities. Loan applications may be submitted at anytime during the year. DNRC staff reviews the applications, and those with the greatest merit are recommended for funding to DNRC's director. COPIES OF LOAN APPLICATIONS ARE AVAILABLE FROM DNRC UPON REQUEST.

THE RENEWABLE RESOURCE DEVELOPMENT PROGRAM

Background

The Montana Legislature established the Renewable Resource Development Program in 1975 to promote the development of renewable resources. To do this, the Renewable Resource Development Program may provide funds for eligible renewable resource development projects. Only governmental entities are eligible to apply for funding under this program. Funds may be provided for the purchase, lease, planning, design, construction, or rehabilitation of projects that conserve, manage, use, develop, or preserve land, water, fish, wildlife, recreation, and other renewable resources. DNRC is authorized to issue up to \$5 million in state general obligation bonds to fund this program.

Purpose

The purpose of the Renewable Resource Development Program is investment of a proper proportion of the Coal Severance Tax and other revenue from nonrenewable natural resources in replacing these resources with the development of renewable natural resources. By doing so, the state's natural heritage will be preserved, and the quality of the state's land, air, fish, wildlife, and recreation opportunities will not be significantly diminished.

Project Eligibility

Renewable resource development projects are eligible to receive funding under this program. Applications must document how the funds spent will provide a tangible return to the state or its citizens and, whenever practicable, whether the projects will be multiple-use projects.

RENEWABLE RESOURCE DEVELOPMENT PROJECTS

Loans for renewable resource development projects may be made for the purchase, lease, or construction of projects to conserve, manage, use, develop, or preserve the land, vegetation, fish, wildlife, recreation, and other renewable resources in the state. Eligible projects include those that provide research and demonstration of farming practices that reduce agricultural chemical use; produce feasibility and design studies for such projects; and facilitate development of plans for the rehabilitation, expansion, or modification of existing projects. Other projects with similar purposes also will qualify for funding.

Applicant Eligibility

**GOVERNMENTAL
ENTITIES**

During its review of applications for Renewable Resource Development Program funding, DNRC may recommend that loans be made to a department, agency, board, commission, or other division of state government, or to a city, county, or other political subdivision or local government body of the state. These entities, called governmental entities, in the past have included:

- | | |
|------------------------|-----------------|
| Cities | Sewer districts |
| Conservation districts | State agencies |
| Counties | Towns |
| Irrigation districts | Universities |
| Joint board of control | Water districts |
| School districts | |

**PRIVATE
PERSONS**

Private persons are not eligible for funding under the Renewable Resource Development Program.

STEP 1: PROPOSAL ABSTRACT

Prepare a clear and concise description of your proposal that describes the merits of the project or activity. This proposal abstract will be used generally to inform the review team of the range of proposals submitted. DNRC staff will edit the abstract for spelling and obvious grammatical errors only. Since it will be incorporated into the Water Development and Renewable Resource Development Report to the Legislature, you should be careful to provide accurate information in the abstract that will best promote the merits of your project or activity.

Your abstract should consist of no more than 250 words. Longer abstracts will be returned to you for redevelopment.

Please use the following format for your abstract.

PROPOSAL ABSTRACT

SUBMITTED TO: DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

DATE:

APPLICANT NAME:

PROJECT/ACTIVITY NAME:

PROJECT/ACTIVITY DESCRIPTION:

STEP 2: PROJECT/ACTIVITY DATA

To help DNRC staff determine the eligibility of your applications, please provide all of the information requested. Incomplete forms will be returned to you.

APPLICANT INFORMATION

A. Applicant Name _____

B. Mailing Address _____

C. City, State, Zip _____

D. Telephone Number(s) _____

E. Key Contact Person _____

1. Address: _____

2. Telephone: (Give us a number where we can most easily reach a project/activity person for emergency legislative updates.) _____

F. This application requests funds for the following: (check one)

- ___ 1. City, county, or town
- ___ 2. Conservation district
- ___ 3. Irrigation district
- ___ 4. Joint board of control
- ___ 5. School district
- ___ 6. State agency
- ___ 7. University
- ___ 8. Water or sewer district
- ___ 9. Other (describe) _____

G. If the applicant does not own the project/activity facilities but plans to lease them, please identify who owns or would own the project/activity facilities during the financing term.

Facilities Owner: _____

PROPOSAL INFORMATION

A. Proposal Title _____

B. Statement of Goal _____

C. This application requests funds for the following: (check one)

___ 1. Non-storage water development project

___ 2. Non-water-related renewable resource development project

___ 3. Water development activity

___ 4. Water storage project

See pages 6 - 8 to determine project/activity type. If you have questions please contact our office for assistance.

D. Budget (from page 32)

1. I (we) request a loan in the amount of: \$ _____ .00

2. I (we) will spend funds and will
document expenditures of: \$ _____ .00

3. I (we) also have secured additional
funds from the following sources:
(Letters of commitment are attached.)

a. _____ \$ _____ .00

b. _____ \$ _____ .00

c. _____ \$ _____ .00

4. I (we) continue to seek funding from the following sources: (Application cover letters are attached.)

a. _____ \$ _____ .00

b. _____ \$ _____ .00

c. _____ \$ _____ .00

5. I (we) lack partial funding in the amount of: \$ _____ .00

6. TOTAL COST: \$ _____ .00

E. Authorizing Statement:

I (We) hereby declare that the information included in and all attachments to this application are true, complete, and accurate to the best of my (our) knowledge, and that the proposed project or activity complies with all applicable state, local, and federal laws and regulations.

I (We) further declare that I am (we are) legally authorized to enter into a binding contract with the Department of Natural Resources and Conservation to obtain funding if this application is approved. I (We) understand that all funds must be authorized by the Montana Legislature and that loan funds will become available the sale of state bonds and that I (we) will be expected to enter into a bond purchase agreement when funding is available and according to my (our) construction schedule.

Applicant Name _____

Date _____ Authorized Representative _____

STEP 3: TECHNICAL NARRATIVE

(Instruction Sheet)

At a minimum, the technical narrative should include the following:

1. A clear statement of the proposal's purpose and the specific objectives to be achieved.
2. A thorough project/activity description that shows how the project/activity will achieve these objectives.
3. A discussion of the project/activity's history or the problem addressed by the project/activity, along with a description of all related work previously conducted.
4. A description of the project/activity's technical alternatives along with a cost-benefit analysis of each alternative and the reason for which the proposed alternative was selected.
5. A specific description of the project/activity implementation plan.
6. A schedule (preferably in chart form) for completing the project/activity.
7. A discussion of the project/activity's potential effects, positive or negative, on water quantity and quality, soils, vegetation, wildlife, and other natural resources.
8. A description of the final project/activity results, how they will be used, and by whom.

TECHNICAL NARRATIVE

(Use additional pages as needed)

APPLICANT NAME:

PROJECT/ACTIVITY TITLE:

TECHNICAL NARRATIVE:

STEP 4: TECHNICAL DOCUMENTATION

(Instruction Sheet)

Please submit as much relevant, sound documentation about the project/activity as you can.

1. Include appropriate data on the natural features of the project/activity area, such as soils, vegetation, geology, and hydrology. Include completed technical reports and studies on the project/activity. All engineering design work submitted for construction projects or activities should name the design standards used, and should be prepared by a professional engineer licensed to practice in Montana. DNRC may exempt the professional engineer requirement if work is done by an experienced person in the technical field who follows the designs established by a professional engineer. An example of this circumstance might be an irrigation project/activity with design work completed by a technician following Soil Conservation Service (SCS) design procedures.
2. Include a topographic map or aerial photo that shows the project or activity location by sections, townships, and ranges. Identify all proposed construction sites, water sources, water diversion points, places of water use, and water conveyance structures. Include titles on all maps, and include both a scale and a north arrow.
3. Include verification of deeds, easements, or right-of-way agreements that will be required to complete your project/activity, or describe property agreements that will be needed before the project/activity can begin. Water right claims numbers also should be included. Some construction projects or activities may require other permits. Prepare a list of any permits you have obtained, or of those you must obtain to complete the project/activity.

STEP 5: LOAN FINANCIAL NARRATIVE AND BUDGET FORM

(Instruction sheet)

If you want both a grant and a loan, COMPLETE THE FOLLOWING FINANCIAL NARRATIVE AND BUDGET FORMS. Do not complete those in the grant application booklet.

Instructions for Financial Narrative

The narrative must clearly demonstrate that the project or activity can be completed within the proposed budget. In your narrative, provide a general discussion of the spending plan, and explain each budget item in relation to the total budget. The financial narrative should clearly state the reason for developing the budget proposed. Include the sources of all cost estimates. Also discuss the cost of the selected approach as opposed to the costs of the alternatives described in Step 3.

You must demonstrate that you are able to repay the loan. Describe what type of bond you plan to issue for sale to the state: a revenue bond, a special improvement district bond, a general obligation bond, or an irrigation district bond. Describe the rate increase or assessment anticipated to repay the proposed loan. A 7-percent interest rate and 20-year term may be used to estimate the semi-annual loan repayment. Also indicate whether you will need Public Service Commission approval for a municipal rate increase.

The type of bond that is issued determines certain conditions for establishment of reserve accounts and coverage requirements. The precise terms and conditions of your loan will be outlined in a bond purchase agreement. Reserve and coverage requirements for the most common types of bonds are listed in the table below. Net revenues are defined as gross revenues less operating and maintenance costs.

RESERVE AND COVERAGE REQUIREMENTS		
TYPE OF BOND	COVERAGE	^a RESERVE ACCOUNT
REVENUE	125% of Net Revenues	1 SEMI-ANNUAL PAYMENT
SPECIAL IMPROVEMENT DISTRICT	100%	5 PERCENT DEPOSITED INTO REVOLVING ACCOUNT
RURAL IMPROVEMENT DISTRICT		
IRRIGATION DISTRICT	100%	NO RESERVE
GENERAL OBLIGATION		
COUNTY WATER AND SEWER DISTRICT	125% of Net Revenues	1 SEMI-ANNUAL PAYMENT

Identify all of your proposal's funding sources, and describe your efforts toward securing those funding commitments. If you applied to other funding agencies, attach copies of the application cover letters and appropriate pages from the applications that document your requests. For each funding application, indicate the date on which a funding decision is expected, and state whether you applied for a grant or a loan. If funding has been secured, attach documentation showing the amount of the award and its conditions.

State how much money you will provide for the project/activity. If community funds are contributed, specify whether they are general revenues or loan funds. If you plan to borrow from the private sector, fully describe your borrowing plans. In the financial feasibility narrative, include a description and value of any efforts that will be contributed as an in-kind match, along with any other information that would help DNRC assess your financial commitment toward project/activity completion. Also include any information on anticipated changes in the local economy, such as new industry or plant closures.

The reserve accounts may be paid from proceeds of the loan.

Instructions for Budget

Use the budget forms provided in this booklet if appropriate. If they aren't, substitute alternate budget forms. Budgets should estimate costs as completely and accurately as possible. The forms include major expense categories, and they separate actual project/activity costs from administrative, engineering, land acquisition, and permitting costs, which sometimes are not anticipated. Construction projects or activities should include a contingency expense of at least 10 percent of construction costs to cover unexpected expenses. An inflation contingency also may be included as a project/activity cost, and must be identified as such on the budget forms. Account for any time lapses between project/activity approval and funding so that an inflation contingency may ensure that funds are sufficient to complete the project/activity. Actual funding **cannot** exceed the amount authorized by the legislature.

Include copies of cover letters for any funding applications you have submitted to other agencies, along with letters of inquiry and responses, and budget documents that show the balances available in accounts from any local funds you plan to use.

Statement of Financial Condition

The Statement of Financial Condition provides basic statistics regarding your revenues and debts. This information is available in the annual financial statements prepared for the Montana Department of Commerce for those governmental entities that are targeted under the Single Audit Act.

Rate and Assessment Information Sheet

The Rate and Assessment Information Sheet provides information for assessing your financial need. The information also is available in the annual financial statements prepared for the Montana Department of Commerce and in the appropriate county property records.

Financial Documentation

1. Include copies of any cover letters for funding applications you have submitted to other agencies, along with any letters of inquiry and responses.
2. Include budget documents that show any local fund reserves you plan to use, or any resolutions agreeing to establish Special Improvement Districts (SIDs) or Rural Improvement Districts (RIDs), to issue revenue bonds, or to hold a bond election.
3. Provide the most current rate and assessment schedule for your project/activity.
4. Provide maps of all SIDs and RIDs described in the Rate and Assessment Information Sheet.
5. For the system you want to finance, provide a copy of the adopted current budget that shows all anticipated costs and revenues.

FINANCIAL FEASIBILITY NARRATIVE

(Use additional pages as needed)

APPLICANT NAME:

PROJECT/ACTIVITY TITLE:

FINANCIAL FEASIBILITY NARRATIVE:

Number of Montanan's who will benefit directly from the project/activity: ____

Number of Montanan's likely to benefit indirectly from the project/activity: ____

BUDGET FORMS

I. CONTRACT ADMINISTRATION

A. Employees & Contracted Personnel Position Titles (list is not intended to be inclusive)

Please indicate wages and allocation of time for each position.

	DNRC LOAN	DNRC GRANT	NON-DNRC	TOTAL	SOURCE OF FUNDS
Administrator/Manager	\$	\$	\$	\$	
Accountant					
Attorney					
Bond Counsel					
Fringe Benefits					
Subtotal-Salaries and Benefits	\$	\$	\$	\$	

B. Associated Costs (list is only an example)

Office Rent					
Equipment Rent, Lease, or Purchase					
Utilities					
Communications					
Supplies					
Travel					
Other (specify)					
Subtotal-Associated Costs	\$	\$	\$	\$	
Total Contract Administration Costs	\$	\$	\$	\$	

II. PROFESSIONAL/TECHNICAL COSTS

A. Employees & Contracted Personnel Position Titles (list is an example only)

Please indicate wages and allocation of time for each position.

	DNRC LOAN	DNRC GRANT	NON- DNRC	TOTAL	SOURCE OF FUNDS
Project/Activity Manager	\$	\$	\$	\$	
Hydrologist					
Soils Engineer					
Inspector					
Fringe Benefits					
Subtotal-Salaries and Benefits	\$	\$	\$	\$	

B. Associated Costs (list is only an example)

Laboratory Costs					
Travel					
Communications					
Printing					
Supplies					
Equipment Rent, Lease, or Purchase					
Other (specify)					
Subtotal- Associated Costs	\$	\$	\$	\$	
Total Professional/ Technical Costs	\$	\$	\$	\$	

III. CONSTRUCTION COSTS (list is an example only)

	DNRC LOAN	DNRC GRANT	NON- DNRC	TOTAL	SOURCE OF FUNDS
Labor	\$	\$	\$	\$	
Equipment					
Land or Structure Acquisition					
Materials					
Other (specify)					
Subtotal- Construction Costs	\$	\$	\$	\$	
Contingency for Unexpected Costs (10%)					
Total Construction Costs	\$	\$	\$	\$	

IV. FINANCING COSTS

Interest During Construction. If you anticipate beginning construction following Legislative approval but before state bond proceeds become available, you may need a short-term loan. Consult a financial institution for an interest estimate. Interest on this short-term note is an allowable project/activity cost.

	DNRC LOAN	DNRC GRANT	NON-DNRC	TOTAL	SOURCE OF FUNDS
TOTAL INTEREST DURING CONSTRUCTION	\$	\$	\$	\$	

V. PROJECT/ACTIVITY COSTS

	DNRC LOAN	DNRC GRANT	NON-DNRC	TOTAL
TOTAL FROM I.	\$	\$	\$	\$
TOTAL FROM II.				
TOTAL FROM III.				
TOTAL FROM IV.				
TOTAL PROJECT/ ACTIVITY COSTS	\$	\$	\$	\$

VI. INFLATION CONTINGENCY

An inflation contingency of up to 6 percent per year also may be included as a project/activity cost. (This is an average inflation rate forecast.)

	DNRC LOAN	DNRC GRANT	NON-DNRC	TOTAL	SOURCE OF FUNDS
TOTAL INFLATION CONTINGENCY	\$	\$	\$	\$	

VII. BOND ADMINISTRATION

This is a fee for servicing the loan and to share the costs for the state bond sale.

	DNRC LOAN	DNRC GRANT	NON-DNRC	TOTAL	SOURCE OF FUNDS
Enter 3 percent of item V. (Project/Activity Costs).					
TOTAL BOND ADMINISTRATION FEE	\$	\$	\$	\$	

TOTAL PROJECT/ACTIVITY COSTS

	DNRC LOAN	DNRC GRANT	NON-DNRC	TOTAL
TOTAL FROM V.	\$	\$	\$	\$
TOTAL FROM VI.				
TOTAL FROM VII.				
TOTAL PROJECT/ ACTIVITY COSTS	\$	\$	\$	\$

TOTAL PROJECT/ACTIVITY REVENUE

A. DNRC Revenue:

Loan Amount Requested* \$

Grant Amount Requested** \$

Subtotal-DNRC funding \$

B. Other Funding Sources:

(List and specify whether a
grant or loan.)

\$

\$

\$

\$

Subtotal-Other funding sources \$

C. TOTAL PROJECT/ACTIVITY REVENUE \$

* If you apply for a DNRC grant for a water project or activity, you cannot request a loan for more than \$200,000. Loans for non-water-related projects cannot exceed \$100,000.

** If you want a DNRC grant, you also must complete a grant application. Grant requests cannot exceed \$100,000 or 25 percent of the total project/activity cost.

STEP 6: STATEMENT OF FINANCIAL CONDITION

APPLICANT NAME _____

PROJECT/ACTIVITY TITLE _____

TAXABLE PROPERTY

The assessment books showing the value of the taxable property in our jurisdiction (City, County, County Water or Sewer District, Irrigation District) as determined by the most recent assessment for state and county taxes, and corrected by the Department of Revenue in the year 19____, are kept and maintained in our office and show the full cash value and the taxable or assessed value of said property as follows:

	Market Value	Assessed or Taxable Value
Real Property	\$ _____	\$ _____
Personal Property	\$ _____	\$ _____

OUTSTANDING BONDS

The total outstanding indebtedness of our jurisdiction
as of _____, 19____, was as follows:

OUTSTANDING BONDS (list each issue separately)

	Date of Issue	Purpose	Years of Maturities	Interest Rate	Interest Payment Dates	Amount Outstanding
1. General Obligation Bonds						
2. Revenue Bonds						

FUNDS ON HAND

As of _____, 19____, our jurisdiction has the following funds on hand for payment of the principal and interest on the bonds described in II.

<u>Date of Issue</u>	<u>Purpose</u>	<u>Amount of Cash</u>
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SPECIAL IMPROVEMENT BONDS

Our jurisdiction had outstanding special improvement bonds or warrants, and had funds on hand for payment of the bonds or warrants as follows:

<u>Nature of Improvement</u>	<u>Amount Outstanding</u>	<u>Cash on Hand</u>
------------------------------	---------------------------	---------------------

PENDING LITIGATION

There is no litigation threatened or pending questioning the organization boundaries of said jurisdiction or questioning the right and power of the jurisdiction and its officers to issue bonds for any purpose or to levy, collect, and apply taxes or other revenues for the payment of any bonds of the jurisdiction.

Signature and Title of Chief
Official of Jurisdiction

STEP 7: RATE AND ASSESSMENT INFORMATION SHEET

APPLICANT NAME _____

PROJECT/ACTIVITY TITLE _____

USER AND FEE INFORMATION FOR SYSTEM

For each class of user listed in the table below, provide the number of users and the annual fee per user if a plat fee is charged, or an average annual fee if the fee is based on water usage. In the right-hand column, provide the rate needed to repay the loan you request. (Complete this section only if users will be repaying the debt, i.e., municipal water or sewer revenue bonds, county water or sewer district bonds.)

Type of Users on System to be Financed	Current Users Annual Fee	Projected Users Annual Fee	¹ Annual Fee Per User to Repay Loan
A. Residential			
B. Commercial			
C. Industrial			
D. Institutional			
E. TOTAL USERS AND RATE REVENUES			

USERS SERVED

Describe the number and type of users you serve outside of your jurisdiction boundaries and any increases or decreases in the number of these users during the past five years.

¹ Use 7-percent interest and a 20-year term to figure loan repayment, then calculate the necessary user fee increase. Add fee increase to current fee and any other scheduled fee increases.

EXISTING SPECIAL PROPERTY ASSESSMENTS IN PROPOSED AREA

List all Special Improvement Districts (SIDs) or Rural Special Improvement Districts (RSIDs) in the proposed project/activity area, even if the district is located only partially within the project/activity area. (Complete this section only if property assessments will be used to repay the loan, i.e., SIDs, RSIDs, general obligation bonds.) **INCLUDE A MAP OF EACH SID LISTED THAT SHOWS THE BOUNDARIES OF THE SID AND THE PROJECT/ACTIVITY AREA.**

		Current		Projected	
Type of Special Property Assessment	Rate	Number of Properties	Annual Revenues	Number of Properties	Annual Revenues
A. SIDs					
B. RSIDs					
C. Fire Districts					
D. Other					

E. How many properties are located in the proposed project/activity area? _____

F. What is the average annual per-property assessment needed to repay the loan?

_____ (Use 7-percent interest and a 20-year term to figure loan repayments.)

ACREAGE ASSESSMENTS (Complete this section only if acreage assessments will be used to repay the loan, i.e., irrigation district bonds.)

Current		Projected	
Number of Acres	Annual Acreage Assessment	Number of Acres	Acreage Assessment

AVERAGE PER-ACRE ASSESSMENT

What is the average annual per-acre assessment needed to repay the loan?

_____ (Use 7-percent interest and a 20-year term to figure loan repayments.)

ACREAGE BY TYPE

Provide an estimated percentage of the acreage in the district or project/activity area within the district by type of ownership: individual or family farm, family-held corporations, public corporations, or partnerships.

STEP 8: ENVIRONMENTAL ASSESSMENT

All Water Development and Renewable Resource Development loans are subject to the Montana Environmental Policy Act (MEPA). This statute seeks to avoid or mitigate adverse impact on the environment by requiring careful consideration of the potential impacts of a proposed project/activity. Applicants are encouraged to be sensitive to potential environmental impacts during the initial project/activity planning stage in order to avoid problems that could delay or prevent project/activity implementation. The Environmental Checklist must be completed by the applicant. The DNRC will review the preparer's comments and prepare its own environmental assessment to determine whether further information is needed.

ENVIRONMENTAL CHECKLIST

APPLICANT NAME _____

PROJECT/ACTIVITY TITLE _____

POTENTIAL IMPACTS ON PHYSICAL ENVIRONMENT

(state whether adverse or beneficial)

	Major	Mod- erate	Minor	None	Un- known	Comments
1. Topography						
2. Geology: stability						
3. Soils: quality, quantity, distribution						
4. Water: quality, quantity, distribution						
5. Air: quality						
6. Terrestrial, avian & aquatic: species & habitats						
7. Vegetation: quantity, quality, species						

8. Agriculture, grazing, crops, production						
9. Unique, endangered, fragile, or limited environmental resources						
10. Demands on environmental resources of land, water, air & energy						
11. Historical & archaeological sites						
12. Aesthetics						

POTENTIAL IMPACTS ON HUMAN ENVIRONMENT

(state whether adverse or beneficial)

	Major	Mod- erate	Minor	None	Un- known	Commen ts
1. Social structures & mores						
2. Cultural uniqueness, diversity						
3. Population: quantity & distribution						
4. Housing: quantity & distribution						
5. Human health & safety						
6. Community & personal income						
7. Employment: quantity & distribution						
8. Tax base: local & state						
9. Government services: demand on						
10. Industrial, commercial, & agricultural activities						
11. Recreation & wilderness						
12. Environmental plans & goals, local & regional						
13. Demands for energy						
14. Transportation networks & traffic flows						

List any groups or agencies contracted:

LOAN APPLICATION CHECKLIST

Two (2) copies of your application and supporting documentation, along with a \$150 application fee, must be hand-delivered or postmarked to DNRC no later than May 15. Make checks payable to DNRC.

- _____ STEP 1: PROPOSAL ABSTRACT
- _____ STEP 2: PROJECT/ACTIVITY DATA
- _____ STEP 3: TECHNICAL NARRATIVE
- _____ STEP 4: TECHNICAL DOCUMENTATION
- _____ STEP 5: FINANCIAL NARRATIVE AND BUDGET FORMS
- _____ STEP 6: STATEMENT OF FINANCIAL CONDITION
- _____ STEP 7: RATE AND ASSESSMENT INFORMATION SHEET
- _____ STEP 8: ENVIRONMENTAL ASSESSMENT

DID YOU REMEMBER TO . . .

Complete all steps required for the type of application you are submitting?

Enclosed two copies of your application and all supporting documentation?

Enclosed a check payable to DNRC for the \$150 application fee?

